

NEWS OPINION

Broken Windows

As Microsoft's Windows Vista finally limps into view, Paul Nesbitt examines the changes in the technology industry and looks at how Microsoft must adapt to survive

The launch of Vista, more than five years after the last major Windows upgrade, along with the release of Office 2007, should mark the end of the long and troubled Windows XP era. It is also sure to pump up Microsoft's already enormous profits and boost PC sales in 2007. But in the longer term, the launch will be seen as the beginning of the end of Microsoft's and Windows' domination of the technology industry.

Everyone, including Microsoft, agrees that the débâcle of Vista's overly long gestation cannot be repeated. "Rest assured we will never have a gap between Windows releases as long as the one between XP and Windows Vista. Count on it. I could go through the history of how we got here. Just count on it, we will never have this kind of gap again," promised Microsoft CEO Steve Ballmer during a speech to the company's corporate customers at last year's Worldwide Partner Conference.

OUT OF THE OFFICE

Ballmer is right. While Microsoft struggled to finish Vista, the PC world suffered the inadequacies of Windows XP and earlier versions of Windows, particularly its inherent susceptibility to malware, its instability and general creakiness. Now the world has moved on. If Microsoft leaves it another five years before releasing the next version of Windows, it will be the last time the world's technology industry waits for a single company's R&D department to get its act together.

The rise of Linux and the open-source movement to mainstream acceptability, as well as the astonishing resurgence of Apple in the consumer electronics market, are all testament to the vacuum left by Microsoft. The software giant's protracted struggle to mend the bloated, buggy and insecure mess that is Windows has severely weakened its stranglehold on the PC world.

Add to that the numerous legal battles and complacent,



corporate sclerosis that has afflicted Microsoft and it's not hard to see why the launch of Vista is essentially defensive. Unlike the golden days of Windows 95, when Microsoft was sweeping aside the last vestiges of resistance to the remorseless rise of Windows, Vista faces a world that is more open to alternatives than it has been in over a decade.

Microsoft's strategy of placing Windows, or Windows derivatives, at the heart of all digital devices, ranging from PCs and servers to game consoles, mobile phones, home media centres and even intelligent fridges, is clearly dead. The supposed benefit of a single standard in the form of Windows running everything digital has been categorically discredited as a megalomaniacal pipe dream.

The rise of Google and Web 2.0 standards such as AJAX and JavaScript are proof that operating systems matter less than they once did. Microsoft's decision to license the look and feel of Office to third-party developers for free is hugely significant. Controlling Windows will no longer be enough to guarantee Microsoft's prosperity. Now the company hopes to extend its domination by defining the look and feel of applications, regardless of whether they run on Windows, Linux or Mac OS X.

The era of Office, which has 400 million users worldwide, could also be drawing to a close. Like Windows, Office is expensive

and under attack from free, open-source alternatives such as OpenOffice.org, as well as from web-based productivity services provided by the likes of Google.

MARKET FORCES

Microsoft has already acknowledged this tectonic shift. The Windows Live collection of free online applications, funded by advertising, is at least a sign that the company knows things are about to change. Significantly, you do not need to be running Windows to access Windows Live.

Microsoft made its fortune on the back of the PC revolution, in which control of standards was devolved from the centralised and proprietary model of the mainframe and minicomputer. Now the second phase of the PC revolution is leading to further decentralisation of control.

Microsoft is being squeezed by two fundamental forces. On the business side the company faces the rise of the open-source movement, with its promise of cheaper, more innovative and stable software. On the consumer side, Microsoft's model of a single company producing software for a wide range of diverse devices has been discredited.

Leaving the development of the world's technological standards to a single American company's R&D department looks increasingly anachronistic, especially when that company has

so singularly failed to produce reliable results. The more collegiate open-source approach, which has been embraced by corporate customers and governments, taps into a wealth of programming talent and accommodates a diverse range of approaches. A single company simply cannot match this.

Meanwhile, the growing importance of such consumer devices as mobile phones, music players and games consoles is a threat to the PC in the home. Consumers expect their devices simply to work and are increasingly fed up with the complexity and instability of the Windows PC.

Now that mobile phones and games consoles can access the internet, which offers email, word processing, home accounting programs and entertainment, it's hard to see why many people would want to buy a PC that is bogged down with Windows' inadequacies.

DIVIDE AND CONQUER

Consumer electronics companies have succeeded by controlling the complete user experience, including hardware, software and connectivity. The iPod is the pre-eminent example. The PC model, in which Microsoft licenses its software to a wide range of third-party vendors, has not worked in the music player business. PC users may have accepted crashes and malware, but consumers just want their gadgets to work.

The Xbox games console and Zune music player show that Microsoft realises the Windows model will not work outside the PC market. In both cases Microsoft is selling the complete combination of hardware, software and services. It is highly significant that the company has even set up its own chip-design division.

Microsoft is rich and can afford to buy time. It will use this time to work out a way to make money on these loss-making product lines, and it will ultimately evolve. For Windows, though, the future looks bleak. ☹